

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1660 - HB 1461

March 30, 2009

SUMMARY OF BILL: Redefines “autism spectrum disorder” as pervasive developmental disorders based on the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders and including autism and Asperger’s disorder. Mandates health insurance policies to provide coverage for the diagnosis and treatment of autism spectrum disorders to individuals under the age of 21. Requires coverage to be subject to a maximum benefit of \$36,000 with no limitation on the number of visits to service providers. The Commissioner of Commerce and Insurance is to annually adjust the maximum benefit for inflation after December 30, 2010. Health providers of autism treatment must furnish medical records, clinical notes, or other data to substantiate that initial and continued treatment is medically necessary and is resulting in improved clinical status.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$33,517,200

Increase Local Expenditures – Exceeds \$100,000*

Increase Federal Expenditures - \$96,082,800

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in an increase in the cost of health insurance premiums which exceeds \$100,000 for plans that do not currently offer autism spectrum disorder treatment within the provisions of the proposed legislation.

Assumptions:

- According to the Centers for Disease Control, the prevalence of autism spectrum disorder is one in 150 children under the age of 16. According to the Bureau of TennCare, there are 417,354 children ages 3 to 15 enrolled in TennCare as of December 31, 2008. TennCare assumes that 2,782 enrollees may suffer from an autism spectrum disorder.

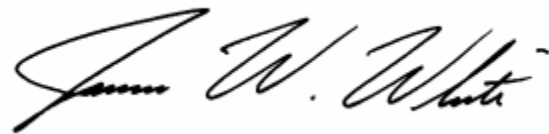
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- Based on claims data, there are currently 1,987 TennCare enrollees who are receiving treatment for autism. It is estimated that 3,000 additional children under the age of 21 who are diagnosed with autism spectrum disorder will be enrolled in TennCare.
- Of the 3,000 additional enrollees, TennCare estimates that 90 percent, or 2,700, will receive the mandated treatment.
- According to the Bureau of TennCare, enrollees will receive behavioral services at least 40 hours per week for 12 weeks at a rate of \$100 per hour resulting in an increase in expenditures of \$129,600,000 (2,700 enrollees x 40 hours x 12 weeks x \$100).
- Of the \$129,600,000, \$33,517,152 will be state funds at a rate of 25.862 percent and \$96,082,848 in federal funds at a rate of 74.138 percent.
- According to the Department of Finance and Administration, the State Employee, Local Government, and Local Education Health Plan options are not required to meet the provisions of the bill.
- Any local government health plans that are not part of the state plan will incur an estimated increase in expenditures which will exceed \$100,000 for covering the mandated benefits.
- The Department of Commerce and Insurance is responsible for the implementation and regulation of the provisions of this bill. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml